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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
09/282,156	03/31/1999	SAM E. KINNEY JR.	046700-5003	8244

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EXAMINER

KYLE, CHARLES R

ART UNIT	PAPER NUMBER
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3624

DATE MAILED: 02/11/2003

Please find below and/or attached an Office communication concerning this application or proceeding.

Office Action Summary

Application No.

09/282,156

Applicant(s)

KINNEY ET AL.

Examiner

Charles R Kyle

Art Unit

3624

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If the period for reply specified above is less than thirty (30) days, a reply within the statutory minimum of thirty (30) days will be considered timely.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133).
- Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

- 1) ☒ Responsive to communication(s) filed on 27 November 2002.
- 2a) ☐ This action is **FINAL**. 2b) ☒ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

- 4) ☒ Claim(s) 65,69 and 75-83 is/are pending in the application.
- 4a) Of the above claim(s) _____ is/are withdrawn from consideration.
- 5) ☐ Claim(s) _____ is/are allowed.
- 6) ☒ Claim(s) 65,69 and 75-83 is/are rejected.
- 7) ☐ Claim(s) _____ is/are objected to.
- 8) ☐ Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on _____ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.
- Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).
- 11) ☐ The proposed drawing correction filed on _____ is: a) ☐ approved b) ☐ disapproved by the Examiner.
- If approved, corrected drawings are required in reply to this Office action.
- 12) ☐ The oath or declaration is objected to by the Examiner.

Priority under 35 U.S.C. §§ 119 and 120

- 13) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All b) ☐ Some * c) ☐ None of:
1. ☐ Certified copies of the priority documents have been received.
2. ☐ Certified copies of the priority documents have been received in Application No. _____.
3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).
- * See the attached detailed Office action for a list of the certified copies not received.
- 14) ☐ Acknowledgment is made of a claim for domestic priority under 35 U.S.C. § 119(e) (to a provisional application).
- a) ☐ The translation of the foreign language provisional application has been received.
- 15) ☐ Acknowledgment is made of a claim for domestic priority under 35 U.S.C. §§ 120 and/or 121.

Attachment(s)

- 1) ☒ Notice of References Cited (PTO-892) 4) ☐ Interview Summary (PTO-413) Paper No(s). _____
- 2) ☐ Notice of Draftsperson's Patent Drawing Review (PTO-948) 5) ☐ Notice of Informal Patent Application (PTO-152)
- 3) ☐ Information Disclosure Statement(s) (PTO-1449) Paper No(s) _____ 6) ☐ Other: _____

DETAILED ACTION

Claim Rejections - 35 USC § 103

The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

Claims 65, 69, and 75-83 are rejected under 35 U.S.C. 103(a) as being unpatentable over Effective Bid Pricing for Unit Price Contracts, Engineering Economist, Summer 1994, hereinafter, Pricing in view of Gaus et al.

With respect to Claim 65, it is the system form of method claim 69 and is rejected in a like manner. See the discussion of Claim 69 below.

With respect to Claim 69, Pricing discloses a method of participating in an auction between a plurality of potential bidders (page 294, paragraph 1), the plurality of potential bidders competing for a lot having at least one product (page 293, Abstract), comprising the steps of:

- (a) receiving bid information from a bidder for said lot (page 293, paragraph 1);
- (b) generating a transformed bid using at least said bid information (page 293, Abstract; page 295, "The General Bid-Pricing Model"); and
- (c) producing transformed bid information for an auction, said transformed bid information enabling said auction to generate a relative comparison of bids

originally defined in one or more bidder-specific contexts on a common competitive basis (page 294, paragraph 1); wherein step (b) comprises the step of generating a net present value bid (page 295, paragraphs 1-5) using a predefined discount rate structure (page 298, paragraph 1) and received multi-segment bidding parameters, said net present value bid representing a sum of a series of payments over a plurality of contract term segments which are discounted to a present value using said predefined discount rate structure (page 295, paragraphs 1-4).

Pricing does not specifically disclose an electronic auction or the transmission of bid information to an auction server. Gaus discloses these features at Summary of the Invention and Col.3, line 52 to Col. 4, line 21 respectively. It would have been obvious to one of ordinary skill in the art at the time the invention was made to have provided the electronic method of an auction as disclosed by Gaus to implement the transformed bid steps of Pricing because this would have provided comparable bids to the auction users as specifically disclosed by Pricing at page 13, fourth full paragraph to page 14, Conclusion. Note that references to net present value, rate of return and discount rate are considered equivalent because they are components of the common concept of calculating an adjusted bid

With respect to Claim 75, see the discussion of Claim 69 above and Gaus further discloses a computer program product having computer readable program code to implement the methods of an auction at Col. 4, line 11 to Col. 6, line 35.

Concerning Claim 76, see the discussion of Claim 69 above.

With respect to Claim 77, Pricing discloses receiving multi-segment bidding parameters, said multi-segment bidding parameters defining a pattern of payments over a plurality of contract term segments at page 295, paragraphs 1-2.

With respect to Claim 78, Pricing discloses receiving a unit bid (Title), a contract length (page 293, paragraph 2; page 295, paragraph 2), a contract quantity or quantities (page 296, paragraph 1), and price discount values for a plurality of contract term segments (page 293, paragraph 2; page 295, paragraphs 1-5).

With respect to Claim 79, Pricing discloses receiving price values for each of the plurality of contract term segments at page 295, paragraphs 3-5.

With respect to Claims 80-83, they are the system form of Claims 76-79 and are rejected in a like manner.

Claims 65, 69, and 75-83 are rejected under 35 U.S.C. 103(a) as being unpatentable over Foothills PipeLines Ltd, Gas Transportation Tariff, Capacity Allocation Procedures, hereinafter Foothills, in view of Gaus et al.

With respect to Claim 65, it is the system form of method claim 69 and is rejected in a like manner. See the discussion of Claim 69 below.

With respect to Claim 69, Foothills discloses a method of participating in an auction between a plurality of potential bidders (Sheet 26, 4.1.2 and 4.1.3), the plurality of potential bidders competing for a lot having at least one product (Sheet 26, 4.1.1, "Available Capacity"), comprising the steps of:

- (a) receiving bid information from a bidder for said lot (Sheet 26, 4.1.2);
- (b) generating a transformed bid using at least said bid information ; and
- (c) producing transformed bid information for an auction, said transformed bid information enabling said auction to generate a relative comparison of bids

originally defined in one or more bidder-specific contexts on a common competitive basis (Sheet 26, 4.1.4);

wherein step (b) comprises the step of generating a net present value bid using a predefined discount rate structure (Sheet 26, 4.1.4, lines 3-4 of 4.1.4) and received multi-segment bidding parameters (Sheet 26, 4.1.2), said net present value bid representing a sum of a series of payments over a plurality of contract term segments which are discounted to a present value using said predefined discount rate structure (Sheet 26, 4.1.4, lines 4-5).

Foothills does not specifically disclose an electronic auction or the transmission of bid information to an auction server. Gaus discloses these features at Summary of the Invention and Col.3, line 52 to Col. 4, line 21 respectively. It would have been obvious to one of ordinary skill in the art at the time the invention was made to have provided the electronic method of an auction as disclosed by Gaus to implement the transformed bid steps of Pricing because this would have provided comparable bids to the auction users. See also the discussion of Claim 69 set forth above regarding comparability of bids using net present value.

With respect to Claim 75, see the discussion of Claim 69 above and Gaus further discloses a computer program product having computer readable program code to implement the methods of an auction at Col. 4, line 11 to Col. 6, line 35.

Concerning Claim 76, see the discussion of Claim 69 above.

With respect to Claim 77, Foothills suggests receiving multi-segment bidding parameters, said multi-segment bidding parameters defining a pattern of payments over a plurality of contract term segments at Sheet 28, 4.2.4, where

bidder specifies term of service in the bid. As is well-known in the art, calculation of net present value is performed for multiple periods in a term considered as the sum of discounted cash flows.

With respect to Claim 78, Foothills discloses receiving a unit bid (Sheet 28, 4.2.4, lines 1-2), a contract length (Sheet 28, 4.2.3, lines 4-6), a contract quantity or quantities (Sheet 28, 4.2.3, lines 2-3), and price discount values for a plurality of contract term segments (Sheet 26, 4.1.4, lines 3-4).

With respect to Claim 79, it would have been obvious to specify price terms for multiple periods to obtain an accurate net present value calculation.

With respect to Claims 80-83, they are the system form of Claims 76-79 and are rejected in a like manner.

Response to Arguments

Applicant's arguments filed November 27, 2002 have been fully considered but they are not persuasive.

Applicants' substantive argument begins at page 4 of the response, regarding Burnett does not teach a sum of payments over contract terms segments discounted to a present value. At page 395, Burnett specifically discloses these features as follows:

a sum of payments (Equation (2) "operating cash flows") over contract terms segments (Equation (2) "periods 1-I) discounted to a present value (Equation (1)).

The purpose of the net present value calculation of Burnett is to provide a valid comparison among several possibilities; Applicants' invention provides the same comparability. Applicants argue that Burnett' NPV is set to zero (or approximately zero , that is, a non-zero value) Applicants assert that their invention differs substantially for Burnett at the second paragraph of page 5, but fail to explain the difference. Applicants have amended to recite non-zero

NPV value but admit that the Burnett value is also non-zero (page 5, third paragraph, lines 8-9). Applicants argue that the NPV calculation claimed is distinct from Burnett but fail to consider the larger use of NPV calculation for broad comparability judgements.

In response to applicant's argument that there is no suggestion to combine the references, the examiner recognizes that obviousness can only be established by combining or modifying the teachings of the prior art to produce the claimed invention where there is some teaching, suggestion, or motivation to do so found either in the references themselves or in the knowledge generally available to one of ordinary skill in the art. See *In re Fine*, 837 F.2d 1071, 5 USPQ2d 1596 (Fed. Cir. 1988) and *In re Jones*, 958 F.2d 347, 21 USPQ2d 1941 (Fed. Cir. 1992). In this case, the Examiners motivation to combine references, based on the knowledge of one of ordinary skill in the art, is unrefuted. One of ordinary skill in the art of financial valuation would have known to use NPV for purposes of comparison of bids as indicated by the several references cited but not relied upon as well as the newly cited Foothills reference. The rejections are maintained.

Conclusion

The prior art made of record and not relied upon is considered pertinent to applicant's disclosure.

Texas Gas Transmission Corporation, FERC Gas Tariff, First Revised Volume No. 1, Sheet 221, September 29, 1997.

National Fuel Gas Supply Corporation, Available Long-term Firm transportation Capacity from Empire State Pipeline at Pendleton, , 3 pages.

Privatizations in Mozambique, UTRE, Selection of the Winning Bidder, 9/15/1997 or earlier.

The above are cited as indicators of the common place usage of net present value based bids in multi-parameter auctions.

Any inquiry concerning this communication or earlier communications from the examiner should be directed to Charles R Kyle whose telephone number is (703) 305-4458. The examiner can normally be reached on M-F 6:00-2:30.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Vincent Millin can be reached on (703) 308-1065. The fax phone number for the organization where this application or proceeding is assigned is (703) 305-7687.

Any inquiry of a general nature or relating to the status of this application or proceeding should be directed to the receptionist whose telephone number is (703) 308-1113.



VINCENT MILLIN
SUPERVISORY PATENT EXAMINER
TECHNOLOGY CENTER 3600

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February 4, 2003

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